

## Article - Public Utilities

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§7-704.2.

(a) (1) The Commission shall determine the offshore wind energy component of the renewable energy portfolio standard under § 7-703(b)(12) through (25) of this subtitle based on the projected annual creation of ORECs by qualified offshore wind projects.

(2) The Commission shall establish the renewable energy portfolio standard obligation for ORECs on a forward-looking basis that includes a surplus to accommodate reasonable forecasting error in estimating overall electricity sales in the State.

(3) Any positive adjustment to the renewable energy portfolio standard shall be on a forward-looking basis and sufficiently in advance to allow OREC purchasers to reflect OREC costs in retail prices offered to consumers.

(4) The Commission shall adopt regulations that establish:

(i) the offshore wind purchase obligation sufficiently in advance to allow OREC purchasers to reflect OREC costs in retail prices offered to consumers; and

(ii) a mechanism to adjust the renewable energy portfolio standard obligation in a given year to accommodate a shortfall of ORECs in one or more earlier years that is the result of the variation between the quantity of ORECs calculated from the renewable energy portfolio standard obligation and the quantity of ORECs approved in the Commission order for the same years.

(b) The Commission shall adopt regulations establishing an escrow account under Commission supervision and defining rules that facilitate and ensure the secure and transparent transfer of revenues and ORECs among the parties.

(c) (1) Each electricity supplier shall purchase from the escrow account established under this section the number of ORECs required to satisfy the offshore wind energy component of the renewable energy portfolio standard under § 7-703(b)(12) through (25) of this subtitle.

(2) (i) Subject to any escrow account reserve requirement the Commission establishes, if there are insufficient ORECs available to satisfy the suppliers' OREC obligation, the overpayment shall be distributed to electric

companies to be refunded or credited to each ratepayer based on the ratepayer's consumption of electricity supply that is subject to the renewable energy portfolio standard.

(ii) Subject to any escrow account reserve requirement the Commission establishes, the calculation of an electricity supplier's OREC purchase obligation shall be based on final electricity sales data as reported by the PJM Interconnection as measured at the customer meter.

(3) For each OREC for which a qualified offshore wind project receives payment, a qualified offshore wind project shall:

(i) sell all energy, capacity, and ancillary services associated with the creation of ORECs into the markets operated by PJM Interconnection; and

(ii) distribute the proceeds received from the sales to PJM Interconnection markets, under item (i) of this paragraph to electric companies to be refunded or credited to each ratepayer based on the ratepayer's consumption of electricity supply that is subject to the renewable energy portfolio standard.

(4) Notwithstanding § 7-709 of this subtitle, the Commission shall adopt regulations regarding the transfer and expiration of ORECs created by a qualified offshore wind project in excess of the OREC pricing schedule.

(d) (1) If, within 2 years before the expiration of an OREC term, a qualified offshore wind project is anticipated to receive PJM revenues greater than the project operating costs for the 5 years immediately following the expiration of the term of the OREC pricing schedule, the Commission may extend the term of the OREC pricing schedule for an additional 5 years at an OREC price that equals one-half of the sum of:

(i) anticipated market revenues generated by the project during the additional 5-year period; and

(ii) anticipated project operating costs during the additional 5-year period.

(2) If, within 2 years before the expiration of an additional 5-year term extended under paragraph (1) of this subsection, a qualified offshore wind project is anticipated to receive PJM revenues greater than the project operating costs for the 5 years immediately following the expiration of the additional 5-year term, the Commission may extend the term of the OREC pricing schedule for an additional 5 years at an OREC price that equals one-half of the sum of:

(i) anticipated market revenues generated by the project during the additional 5-year period; and

(ii) anticipated project operating costs during the additional 5-year period.

(3) Except as provided in paragraphs (1) and (2) of this subsection, an OREC transaction that takes place during an additional 5-year term is subject to the provisions and regulations applicable to the original OREC order.

(e) A debt, obligation, or liability of a qualified offshore wind project, or an owner or operator of a qualified offshore wind project, may not be considered a debt, obligation, or liability of the State.

(f) On or before July 1, 2014, the Commission shall adopt regulations to carry out this section and § 7-704.1 of this subtitle.

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